

Message Text

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PAGE 01 STATE 063716

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TO AMEMBASSY HELSINKI
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TAGS:ETRD, OECD, FI

SUBJECT: FINNISH IMPORT DEPOSIT AND SURCHARGE RESTRICTIONS

REF: (A) HELSINKI 570, (B) OECD PARIS 6722, (C) GENEVA 1779

1. EMBASSY HELSINKI SHOULD CONVEY TO APPROPRIATE FINNISH
OFFICIALS OUR REGRET AND CONCERN OVER THE RECENT FINNISH
IMPOSITION OF A TEMPORARY IMPORT SURCHARGE AND MOVES TOWARD
THE ADOPTION OF AN IMPORT DEPOSIT SCHEME. THESE ACTIONS ARE
IN OUR VIEW CONTRARY TO FINLAND'S OBLIGATIONS UNDER THE
OECD TRADE PLEDGE AND SHOULD, THEREFORE, BE SUBJECT TO EARLY
EXAMINATION IN THE OECD. WHILE THE US IS AWARE THAT FINLAND
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PAGE 02 STATE 063716

IS BESET WITH SOME ECONOMIC DIFFICULTIES NOT SPECIFICALLY

RELATED TO THE CONDITIONS SPELLED OUT IN THE OECD TRADE PLEDGE, AND WHILE WE RECOGNIZE FINNISH EFFORTS TO ADDRESS THEIR PROBLEMS ALSO WITH DOMESTIC FISCAL AND MONETARY MEASURES, WE ARE PARTICULARLY DISTURBED BY THE NEW TRADE ACTIONS SINCE AS RESTRICTIVE MEASURES AFFECTING TRADE CLEARLY IMPOSED FOR GENERAL BALANCE OF PAYMENTS PURPOSES, THEY ARE ESSENTIALLY FOR REASONS WHICH THE SIGNATORIES OF THE OECD TRADE PLEDGE AGREED WOULD NOT BE THE BASIS FOR UNILATERAL TRADE RESTRICTIVE ACTION. THEY CLEARLY RUN THE RISK, THEREFORE, OF STIMULATING SIMILAR ACTIONS BY OTHER COUNTRIES WHICH COULD ULTIMATELY LEAD TO THE SITUATION THAT THE OECD TRADE PLEDGE AND OUR OTHER EFFORTS ARE DESIGNED TO AVOID. WE BELIEVE THAT APPROPRIATE DOMESTIC DEMAND MANAGE-

MENT POLICIES TAKEN WITH STEPS TO FINANCE AN EXTERNAL PAYMENTS DEFICIT ARE THE BEST WAY TO RESOLVE THESE DIFFICULTIES.

2. MISSION GENEVA SHOULD MAKE REFERENCE TO FINNISH MEASURES IN STATEMENT AT MARCH 24 GATT COUNCIL MEETING, PRESUMABLY UNDER OTHER BUSINESS ITEM WHERE UK AND AUSTRALIAN MEASURES WILL ALSO BE RAISED. REFERENCE SHOULD BE MADE TO EXPECTATION THAT THE FINNISH MEASURES WILL BE CONSIDERED AT THE APRIL 21-25 BOP CONSULTATIONS.

3. OECD PARIS SHOULD SUPPORT SUBSTANTIVE DISCUSSION OF FINNISH MEASURES IN MARCH 25 COUNCIL MEETING. THE SURCHARGE IS ALREADY IN EFFECT. EVEN THOUGH THE EXACT DETAILS OF THE IMPORT DEPOSIT SCHEME ARE NOT AVAILABLE, THE ESSENTIAL FEATURES OF THE MEASURE, ITS POTENTIAL TRADE IMPACT AND FINNISH OBLIGATIONS UNDER THE TRADE PLEDGE ARE QUITE CLEAR AT THIS POINT AND WARRANT EARLY CONSIDERATION. AFTER THE FINNS HAVE FORMALLY NOTIFIED THE ACTIONS AND THE DETAILS OF THE IMPORT DEPOSIT SCHMENE ARE KNOWN, A MORE INTENSIVE ANALYSIS OF THE MEASURES SHOULD BE UNDERTAKEN IN THE OECD TRADE COMMITTEE, PERHAPS AFTER COUNCIL CONSIDERATION.

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